



South Carolina Department of Insurance

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BULLETIN 2012-09

TO: All Eligible Surplus Lines Brokers Transacting Business in the State of South Carolina

FROM: Raymond G. Farmer *R.G.F.*
Interim Director of Insurance

SUBJECT: Effective Date for the Collection of the Six Percent Surplus Lines Blended Tax Rate

DATE: December 20, 2012

I. PURPOSE

This is the second in a series of Bulletins regarding implementation of 2012 S.C. Act 283. Questions have been raised as to the date that brokers must remit the six percent (6%) broker's premium tax rate. The purpose of this Bulletin is to advise surplus lines brokers of the effective date for collection of the six percent (6%) surplus lines blended tax rate on premiums for all policies of insurers not licensed in this State. Bulletin 2012-08 was issued by the Department on October 24, 2012 outlining the Nonadmitted and Reinsurance Reform Act of 2010 (NRRA), 15 U.S.C. § 8201 *et seq.*, and related changes to South Carolina law as set forth in 2012 S.C. Act 283 (Act 283). As discussed in that bulletin, under the new law the municipal business license tax no longer applies to brokers for non-admitted insurers. The surplus lines premium tax is now a blended rate of six percent (6%). The NRRA became effective on July 21, 2011 and Act 283 was enacted on June 29, 2012 with a retroactive effective date of January 1, 2012.

II. COLLECTION OF THE BLENDED TAX RATE – 2012

During this transition year, brokers for non-admitted insurers are required to pay premium taxes for the year 2012 as follows:

A. FIRST AND SECOND QUARTERS

1. Four percent (4%) premium tax on all premiums written from January 1, 2012 through June 30, 2012 as set forth in Act 283; and

2. An additional two percent (2%) premium tax on all premiums written from January 1, 2012 through June 30, 2012 that were subject to a municipal business license tax in effect prior to July 1, 2012.

B. THIRD AND FOURTH QUARTERS

Six percent (6%) premium tax on all premiums written from July 1, 2012 through December 31, 2012 as set forth in Act 283.

III. 2013 AND SUBSEQUENT YEARS

Brokers for non-admitted insurers are required to pay premium taxes for 2013 and each subsequent year as follows:

Six percent (6%) premium tax on all premiums written from January 1 through December 31 as set forth in Act 283.

IV. METHOD OF PAYMENT

All premium tax payments must be made to the South Carolina Department of Insurance. The Department's Online Surplus Lines Premium Tax Application will be available on January 7, 2013 for making online payments.

V. QUESTIONS

If you have any questions pertaining to information outlined in this notification, please contact Sharon Waddell at swaddell@doi.sc.gov or at 803.737.4910.

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